

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

OCTOBER 25, 2004

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, October 25, 2004, in Public Session, at 4:00 p.m., at the offices of the Rhode Island Economic Development Corporation located at One West Exchange Street, Providence, Rhode Island, pursuant to notice of the meeting to all Directors, and public notice of the meeting, a copy of which is attached hereto, as required by the By-Laws of the Corporation and applicable Rhode Island law.

The following Directors, constituting a quorum, were present and participated throughout the meeting as indicated: Mr. Keith Stokes, Representative Joseph A. Trillo, Representative Melvoid Benson, Ms. Barbara Jackson, Mr. George Shuster and Mr. Joshua Miller.

Directors absent: Governor Donald L. Carcieri, Mr. Frank Montanaro, Ms. Alma Green, Senator William Walaska, Senator Kevin Breene and Mr. Doug Sgarro.

Also present were: Executive Director Michael McMahon, members of the Corporation's staff and Attorney Robert I. Stolzman.

Mr. Keith Stokes presided over the meeting and Attorney Robert I. Stolzman acted as Secretary.

1. CALL TO ORDER

Mr. Stokes called the meeting to order at 4:00 p.m.

2. APPROVAL OF THE MINUTES OF THE MEETING HELD ON SEPTEMBER 27, 2004

Upon motion duly made by Mr. Shuster and seconded by Ms. Jackson, the following vote was adopted:

VOTED: To approve the Minutes of the Meeting held on September 27, 2004, as presented to the Board this date.

Voting in favor of the foregoing were: Mr. Stokes, Representative Trillo, Representative Benson, Ms. Jackson, Mr. Shuster and Mr. Miller.

Voting against the foregoing were: None.

3. FOR UPDATE ON EVERY COMPANY COUNTS

Mr. McMahon deferred his Executive Director's report and called upon Mr. Louis Soares to make a presentation on the Every Company Counts program. Mr. McMahon summarized the program as one that is bringing resources together, from both the public and private sectors, in order to assist small businesses in their needs. He noted that the program is set up for follow-up and feedback so that its success can be measured.

Mr. Soares reported that the Every Company Counts program was launched with a news conference at the State House on October 13, which was reported in the Providence Journal (see **Exhibit A**). Using a telephone on speaker, Mr. Soares demonstrated what a person will hear when they dial the "800" number for Every Company Counts. He also distributed a Resource Guide (see **Exhibit B**) and noted that the service providers listed in the Resource Guide have been listed by the function that best represents their available resources, even though some service providers may be able to provide more than one resource.

Mr. Soares stated that the program provides for a 48-hour call back to the service providers to see if they were contacted and, if so, if it is likely that their services will be used. He next demonstrated the online database for the program on the Corporation's website.

Mr. Soares reported that the program has received approximately 35 – 50 calls since it was launched.

Mr. Stokes suggested that some coordination be worked out with the Secretary of State's small business office, to which Mr. Soares stated that he would see what could be done to coordinate the programs.

4. FOR EXECUTIVE DIRECTOR'S REPORT

Mr. McMahon stated that he plans to have reports on the various "clusters" of businesses in Rhode Island over the course of the next several Board meetings, and called upon Mr. Saul Kaplan to provide an introduction to the cluster reports.

Mr. Kaplan first congratulated Mr. Soares on the launching of the Every Company Counts program and noted that 1) small businesses matter and 2) businesses in Rhode Island matter. He noted that it is important for the RIEDC to support the growth and business development of small businesses. Mr. Kaplan explained that the purpose of these reports is to expose the Board members to the various business sectors in the State and to provide information on how the EDC is helping each sector and to discuss other ways the EDC can provide assistance to each sector.

Mr. John Riendeau next reported on the Defense Cluster, which includes defense and homeland security industries. He explained that the EDC has helped to

leverage federal dollars awarded to companies in these industries, especially since 9/11, which led to a big demand in this area.

Mr. Riendeau noted that the largest local companies involved in defense and homeland security include General Dynamics/Electric Boat, Lockheed Martin and Raytheon, and that there are many small companies serving this industry in Rhode Island, each with unique capabilities. He stated that some of these companies have been assisted with funding from the Slater Funds.

Mr. Riendeau reported that a DHS grant has been awarded for a beta site project in Narragansett Bay and that Rhode Island is one of 12 states to win this award. The project involves creating a secure wireless network to link federal, state and municipal agencies so that they can securely communicate in the event of an emergency. Mr. Riendeau noted that the State has one year to implement the program.

Another program in the works, reported Mr. Riendeau, is Raytheon's "Project Athena", which has been two years in the making. The EDC has been able to put small businesses to work to assist with this project. The project has to do with coordination of undersea, surface and air traffic.

Other leaders in this Sector include the University of Rhode Island's Graduate School of Oceanography and the Naval War College, the latter of which has resources and skill sets available to be successful and forward looking in this area and is working on a program to provide strategic planning services to high-ranking corporate officials.

Representative Trillo commented on the fire safety legislation which was recently passed and how he hears every day from existing businesses regarding problems in the implementation of the new fire safety legislation, and how some businesses have been devastated by misinformation. He asked if the EDC could get involved to help facilitate and guide existing businesses with implementation of these regulations. He noted that hospitality and small manufacturing businesses are those that are most adversely affected by the new fire safety regulations.

Mr. McMahon stated that the EDC has offered to loan money to those businesses which might need assistance to bring their establishments up to code, but so far there have been no takers. He reported that Senate Policy Director Ken Payne is working to come up with a unified business fire code to pull everything together so as to avoid some of the misinformation and misunderstanding within the public sector. Mr. McMahon explained that this is a legislative issue, and that a statewide uniform fire code is necessary, instead of each municipality having its own codes.

In response to another inquiry of Representative Trillo, Mr. Earl Queenan stated that the SBLF has \$500,000 set aside for loans to non-profit companies only, and that it is set up to take care of companies which are unable to get assistance from the SBA. Mr. Queenan reported that up to \$50,000 is available per company, and that one such loan has closed. Mr. Trillo noted that the SBA can only help finance property owners, but

not lessees, to which Mr. Queenan said that any business that is unable to get assistance from the SBA can request assistance from the SBLF.

Representative Trillo expressed his desire that the EDC get involved to assist with these matters, to which Mr. McMahon responded that the EDC is working on it.

Mr. Stokes commented that the issue is not the access of funding but the interpretation of the requirements. He noted that people are walking away from their businesses out of frustration rather than dealing with the new fire code requirements, especially those who have businesses in leased premises. Mr. Stokes stated that the local regulatory people are causing the conflicts, due to the differences in each locality's respective codes.

Representative Trillo suggested that people need an "ear" to whom they can be directed, and Mr. Stokes mentioned Joe Cirillo, who is retired from public safety work and lives in Middletown, and said that he would speak with him.

Mr. Miller noted that the municipalities are not ready to enforce the new policies due to a lack of manpower, and those businesses with larger capacities, such as civic centers and theaters, are being taken care of first.

Representative Benson acknowledged her agreement with Representative Trillo's concerns.

Mr. McMahon stated that the EDC is trying but does not yet have a law to enforce.

Representative Trillo left the meeting for another engagement at 4:45 p.m.

5. FOR REVIVAL OF FINANCE COMMITTEE

Attorney Stolzman explained that the bylaws of the Corporation allow the Board to create committees and that a revival of the Finance Committee is desired to review and report on financial matters which come before the Board, and to give guidance to staff. Governor Carcieri has requested that Keith Stokes chair the committee and that Barbara Jackson and George Shuster serve on the committee.

There being no questions, upon motion duly made by Mr. Shuster and seconded by Representative Benson, the following vote was adopted:

VOTED: See text of vote at **Exhibit C**.

Voting in favor of the foregoing were: Mr. Stokes, Representative Benson, Ms. Jackson, Mr. Shuster and Mr. Miller.

Voting against the foregoing were: None.

6. FOR TECHNICAL UPDATES TO PENSION PLAN

Mr. Richard Reed directed the Board members to the last page of Tab 3 in their binders, which is a communication from Steven Fratiello explaining the proposed amendments to the pension plan (See **Exhibit D**). Mr. Reed explained that these amendments will serve to rationalize the plan and make it run more smoothly.

Mr. Stokes noted that this proposal was first presented in December 2003, but a vote on the matter was deferred so that it could be studied in more detail, and that such study has now been completed.

In response to an inquiry of Representative Benson, Mr. Reed stated that the changes will be effective immediately, but that people who have been vested for several years will not be affected. Mr. Queenan added that the revisions are geared more toward those employees who have been in the plan for 4 to 5 years, and will now be able to rollover their pensions to another plan rather than have to wait until retirement age to have any control over the pension funds. He explained that those employees with 5 to 10 years vested will be able to rollover their funds, while those who have been vested for over 10 years will have to wait for retirement.

Upon motion duly made by Mr. Shuster and seconded by Ms. Jackson, the following vote was then adopted:

VOTED: See text of vote at **Exhibit E**.

Voting in favor of the foregoing were: Mr. Stokes, Representative Benson, Ms. Jackson, Mr. Shuster and Mr. Miller.

Voting against the foregoing were: None.

7. VOTE TO MEET IN EXECUTIVE SESSION

By open call prior to adjournment to Executive Session, upon motion duly made by Representative Benson and seconded by Ms. Jackson, the following vote was adopted:

VOTED: That the Board adjourn to Executive Session to consider and take appropriate action on such matters as permitted by subsection (2) (pending litigation), subsection (5) (acquisition, disposition or lease of real property), subsection (6) (location of prospective businesses) and subsection (7) (investment of public funds) Rhode Island General Laws, Section 42-46-5(a), the Open Meetings Law.

Voting in favor of the foregoing were: Mr. Stokes, Representative Benson, Ms. Jackson, Mr. Shuster and Mr. Miller.

Voting against the foregoing were: None.

8. RECONVENE OPEN SESSION

The public session was reconvened at 4:55 p.m. The Chairman reported that action was taken on the following items during the Executive Session:

1. Approval of Executive Session minutes of the meeting held on September 27, 2004.

There being no further business in Public Session the meeting was adjourned at 5:00 p.m., upon motion by Mr. Shuster and seconded by Mr. Miller.

Robert I. Stolzman, Secretary